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9
10 UNITED STATES DISTRICT COURT

11 CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION

12
13 AVERY DENNISON CORPORATION,

14 Plaintiff,

15 -against-

16 3M COMPANY and 3M INNOVATIVE
17 PROPERTIES COMPANY,

18 Defendants.

Civil Action No. 10-7931 MRP (RZx)

**PLAINTIFF'S MEMORANDUM
OF POINTS AND AUTHORITIES
IN SUPPORT OF ITS
OPPOSITION TO DEFENDANTS'
MOTION TO TRANSFER**

Honorable Mariana R. Pfaelzer

Hearing Date: February 7, 2011

Hearing Time: 11:00 a.m.

Hearing Place: Courtroom 12

Trial Date: None Set

Complaint Filed: October 21, 2010

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1 **I. INTRODUCTION**

2 Defendants' (collectively "3M") motion to transfer this multi-count antitrust
3 and unfair competition action related to reflective sheeting used on highway signs to
4 the District of Minnesota rests on two faulty premises. First, 3M asserts that the
5 state of California has minimal interest in this action as none of 3M's challenged
6 conduct occurred here. Not so. Many of 3M's anticompetitive acts did occur in
7 California. Moreover, California is the most populous state in the nation. It has the
8 most motorists and surely purchases significantly more reflective sheeting for
9 highway signs than Minnesota does. As a result, California's interest in
10 adjudicating this case, where the anticompetitive acts relate to reflective sheeting
11 products that are purchased solely with public funds, is substantial.

12 Second, 3M improperly characterizes the nature of Avery's claims. Out of
13 the nine claims that Avery has asserted, 3M focuses on just one of the many facts
14 supporting some of these claims, proceeds to argue that this fact overlaps with an
15 issue in a patent case between the parties that is pending in Minnesota, and then
16 concludes that what happens in Minnesota will be dispositive of Avery's case. 3M's
17 argument is not correct. The Minnesota case is not dispositive of any of Avery's
18 claims.

19 Given California's significant interest in assuring competitive prices for
20 reflective sheeting used on highway signs and the relatively minor and non-
21 dispositive factual overlap between this case and the Minnesota case, 3M's motion
22 to transfer the action to Minnesota should be denied.

23 **II. BACKGROUND**

24 Highway traffic signs are made by placing reflective sheeting having adhesive
25 backing onto metal blanks. The reflective sheeting can be made from a number of
26 different designs. One design uses glass beads to reflect light. This type of material
27 is relatively inexpensive and has reflective values on the low end of the spectrum.
28

1 Another more efficient design uses reflecting prisms in the sheeting. The prisms
2 have been known and used as reflectors since the 1920's.

3 One type of prism is created from three triangles whose edges meet at
4 approximately right angles to form a pyramid shape. These prisms are termed
5 "truncated" cube corners. A second type of prism is formed by having the edges of
6 shapes such as rectangles or squares meet at approximately right angles. These
7 prisms are called "full" cube corners. This case centers on 3M's anticompetitive
8 activities directed to reflective sheeting that incorporate prism designs.

9 Reflective sheeting is purchased exclusively with public funds. *3M Co. et al.*
10 *v. Avery Dennison Corp.*, No. 10-2630, Dkt. 13, at ¶¶ 23-24 (D. Minn. July 28,
11 2010). State and local governments put out bid requests for sheeting meeting certain
12 performance characteristics. (*See* Declaration of Emily C. O'Brien in Support of
13 Plaintiff's Opposition to 3M's Motion to Transfer ("O'Brien Decl."), Ex. A at 8-9).
14 The required performance characteristics are described by sheeting types as defined
15 under ASTM (a standards setting body) guidelines. (*Id.*). The contracts are
16 normally awarded to the low bidder. (*Id.*, Ex. B at 19). The money to pay for the
17 sheeting either comes directly from state or city coffers or from the federal
18 government when the Department of Transportation approves the use of federal
19 funds. *See 3M Co.*, No. 10-2630, Dkt. 13, at ¶ 25. Federal funds are only available
20 when there are at least two suppliers of a material. *See* 23 C.F.R. 635.411.

21 Avery and 3M have offered competing reflective sheeting products based on
22 prism designs for at least a dozen years. In June 2010, 3M brought a patent
23 infringement suit in the District of Minnesota alleging that Avery's newest reflective
24 sheeting product infringed thirteen 3M patents. Avery's new product is an ASTM
25 Type XI sheeting. (Avery's Complaint ("Cmplt.") at ¶ 82). 3M had been the only
26 supplier of a type XI product since 2005. (Declaration of Mary Jo Abler in Support
27 of Defendants' Motion to Transfer ("Abler Decl.") at ¶ 14). Before Avery's answer
28

1 was due, 3M moved for a preliminary injunction where it sought to halt the
2 introduction of Avery's product.

3 In response to 3M's complaint and motion for a preliminary injunction, Avery
4 argued, among other things, that the 3M patents were invalid, that 3M could not
5 show irreparable harm, and that 3M had waived its right to assert the patents. The
6 waiver argument was based on representations 3M made to the ASTM committee
7 responsible for approving the Type XI sheeting standard about withdrawing its
8 patent claims.

9 On December 21, 2010 the Minnesota court denied 3M's request for a
10 preliminary injunction. (O'Brien Decl., Ex. C at 61). It found that Avery presented
11 a substantial question as to the validity of 3M's asserted patents and that 3M had not
12 shown irreparable harm. (*Id.* at 52, 57, 60-61). Because of its finding regarding
13 invalidity, the court did not reach Avery's waiver argument. (*Id.* at 52-53). 3M
14 argues here that the waiver argument overlaps with Avery's antitrust and unfair
15 competition claims, and that the Minnesota Court's rulings relating to validity,
16 infringement and waiver will be dispositive of Avery's claims. (Defendants'
17 Memorandum of Points and Authorities in Support of its Motion to Transfer
18 ("Mot.") at 4-5, 9-12). In reality, any overlap is limited and nothing in Minnesota
19 will dispose of Avery's case here.

20 Avery has asserted multiple causes of action stemming from 3M's
21 anticompetitive acts that have affected competition in the highway signage markets.
22 For example, Avery alleged under Section 1 of the Sherman Act, and under Section
23 16720 of the Cartwright Act, that 3M has restrained trade in two different markets
24 for reflective sheeting. (Cmplt. at Counts 3-4). One market encompasses three
25 different types of reflective sheeting: Types VIII, IX and XI. (*Id.* at ¶ 2). The other
26 market is defined by Type XI sheeting. (*Id.* at ¶ 1). These causes of action are
27 based on agreements that 3M entered with contractors to effectively prevent them
28 from using Avery sheeting products.

Avery's claims under Section 2 of the Sherman Act and California and Business and Professions Code Section 17200 are pled with respect to three basic facts: (1) 3M improperly manipulated the ASTM process to secure passage of the Type XI standard by stacking the committee and making agreements with committee members to obtain favorable votes on the Type XI standard; (2) 3M is using the new standard in conjunction with false advertising to steer customers away from purchasing other types of sheeting; and (3) 3M is asserting patents that it had represented to the ASTM committees voting on the new standard that it would not assert. (Cmplt. at Counts 1, 2, 7). Through these acts, 3M has monopolized and/or attempted to monopolize the two reflective sheeting markets.

Avery also pled stand-alone claims for false advertising under Section 43(a) of the Lanham Act and Section 17500 of the California Business and Profession Code. (*See* Cmplt. at Counts 5-6). 3M uses this advertising to steer customers away from competitors' products that could otherwise satisfy bid specifications.¹

III. ARGUMENT

A. The Legal Standard

This Court has discretion in deciding whether to grant a motion to transfer filed under 28 U.S.C. § 1404(a). *Decker Coal Co. v. Commonwealth Edison Co.*, 805 F.2d 834, 843 (9th Cir. 1986). In the Ninth Circuit, a plaintiff's choice of forum is given substantial weight and a party moving to transfer a case must present strong grounds for disturbing that choice. *Id.* (district court did not abuse its discretion in denying defendant's request to transfer where defendant did not make the necessary "strong showing of inconvenience to warrant upsetting the plaintiff's choice of forum"); *Florens Container v. Cho Yang Shipping*, 245 F. Supp. 2d 1086, 1092

¹ Recently, it was revealed that 3M was behind a study used as the basis to force state and local governments to replace highway signs that used capital letters to identify locations. (*See* O'Brien Decl., Ex. D).

1 (N.D. Cal. 2002) (denying defendant’s request to transfer since, “under Ninth
 2 Circuit law, a plaintiff’s choice of forum is accorded substantial weight in
 3 proceedings under this section, and courts generally will not transfer an action
 4 unless the ‘convenience’ and ‘justice’ factors strongly favor venue elsewhere”);
 5 *DIRECTV, Inc. v. EQ Stuff, Inc.*, 207 F. Supp. 2d 1077, 1082 (C.D. Cal. 2002)
 6 (denying defendant’s request to transfer, as “[t]here is a strong presumption in favor
 7 of the plaintiff’s choice of forum”).

8 Courts give particular deference to the plaintiff’s choice of forum in antitrust
 9 suits. *Los Angeles Memorial Coliseum Commission v. National Football League*,
 10 89 F.R.D. 497, 500 (C.D. Cal. 1981) (denying defendant’s request to transfer
 11 because “defendant’s burden on a transfer motion is said to be especially heavy in
 12 antitrust suits, where plaintiff’s choice of forum is entitled to particular respect”);
 13 *see also Ford Motor Co. v. Ryan*, 182 F.2d 329, 332 (2d Cir. 1950) (denying
 14 defendant’s request to transfer in antitrust case where “taking the plaintiffs’ venue-
 15 privilege into account, the defendants have not borne their burden of making out a
 16 ‘strong’ enough case for the transfer”); *U.S. v. Brown University in Providence in*
 17 *State of R.I. and Providence Plantations*, 772 F. Supp. 241, 244 (E.D. Pa. 1991)
 18 (denying defendant’s request to transfer, because “choice of venue [] is entitled to
 19 such deference in an antitrust case”).

20 Transfer is not appropriate merely to shift the inconvenience from one party
 21 to another. *See Van Dusen v. Barrack*, 376 U.S. 612, 646, 84 S.Ct. 805, 824, 11
 22 L.Ed.2d 945 (1964) (reversing and remanding grant of motion to transfer, holding
 23 that “Section 1404(a) provides for transfer to a more convenient forum, not to a
 24 forum likely to prove equally convenient or inconvenient”); *U.S. v. One Oil*
 25 *Painting Entitled “Femme en Blanc” by Pablo Picasso*, 362 F. Supp. 1175, 1185-6
 26 (C.D. Cal. 2005) (denying defendant’s motion to transfer because “transfer should
 27 not be granted if the effect is simply to shift the inconvenience to the party resisting
 28 the transfer”); *Everpure, LLC v. Selecto, Inc., No. CV 09-2844 AHM (FFMx)*, 2010

1 WL 480970, at *2-4 (C.D. Cal. Feb. 3, 2010) (denying defendant's motion to
 2 transfer). The burden is on the moving party to establish that a transfer will allow a
 3 case to proceed more conveniently and better serve the interests of justice. *See, e.g.,*
 4 *Commodity Futures Trading Comm. v. Savage*, 611 F.2d 270, 279 (9th Cir. 1979)
 5 (affirming denial of motion to transfer); *STX, Inc. v. Trik Stik, Inc.*, 708 F. Supp.
 6 1551, 1555-56 (N.D. Cal. 1988) (denying motion to transfer on the grounds that
 7 "defendant can demonstrate no strong reason for transfer"). 3M's attempt to shift
 8 the inconvenience of travel to Avery is not a basis to transfer the case.

9 In deciding a motion to transfer venue, courts weigh multiple factors,
 10 including: (1) the plaintiff's choice of forum; (2) the convenience of the parties; (3)
 11 the convenience of the witnesses; (4) the location of books and records; (5) which
 12 forum's law applies; (6) the interests of justice; and (7) administrative
 13 considerations. Charles Alan Wright & Arthur R. Miller, *Federal Practice and*
 14 *Procedure*, §§ 3841-55; *see also Jones v. GNC Franchising, Inc.*, 211 F.3d 495,
 15 498-99 (9th Cir. 2000) (suggesting the following factors may be relevant in
 16 assessing a motion to transfer venue: "(1) the location where the relevant
 17 agreements were negotiated and executed, (2) the state that is most familiar with the
 18 governing law, (3) the plaintiff's choice of forum, (4) the respective parties' contacts
 19 with the forum, (5) the contacts relating to the plaintiff's cause of action in the
 20 chosen forum, (6) the differences in the costs of litigation in the two forums, (7) the
 21 availability of compulsory process to compel attendance of unwilling non-party
 22 witnesses, and (8) the ease of access to sources of proof"); accord *Guthy-Renker*
 23 *Fitness, L.L.C. v. Icon Health & Fitness, Inc.*, 179 F.R.D. 264, 269 (C.D. Cal.
 24 1998). None of these factors weigh in favor of disturbing Avery's choice of forum.

25 **B. No Factors Favor Transferring the Case to Minnesota**

26 Focusing entirely on the waiver issue that resulted from the ASTM process to
 27 secure passage of Type XI classification for reflective sheeting, which is but one of
 28 many facts that support Avery's claims under Section 2 of the Sherman Act and the

1 California state law claims (*see* Cmplt. at Counts 1, 2, 7-9), 3M states: “this case has
 2 virtually no connection to California apart from the existence of Avery’s global
 3 headquarters in this District.” (Mot. at 2:9-10, 15, 23). While 3M has chosen to
 4 focus on one particular act – 3M’s representations about its patents in ASTM
 5 meetings that were held neither in California nor Minnesota – it has ignored many of
 6 the other facts that establish the strong connection and interest California has in this
 7 case. Put simply, 3M’s anticompetitive acts have occurred in California and this
 8 state is suffering and will suffer the effects of those acts on a much larger scale than
 9 Minnesota.

10 **1. Many Of 3M’s Anticompetitive Actions Took Place In**
 11 **California**

12 While 3M’s campaign of monopolistic actions stretches across the country, a
 13 significant number of those actions have taken place in California. California surely
 14 purchases significantly more retroreflective sheeting than Minnesota and virtually
 15 any other state. As a result, 3M’s anticompetitive practices, which include ensuring
 16 that proprietary specifications are inserted into reflective sheeting bid processes
 17 intended to be open and awarded to the lowest bidders, have significant effect in
 18 California. (*See, e.g.*, Cmplt. at ¶ 87, Counts 3,4). When these specifications are
 19 used in conjunction with contracts that 3M has in place with sign fabricators, other
 20 competitors are effectively excluded from competing for California business in the
 21 two product markets Avery has identified in its complaint. (*See id.* at ¶¶ 1, 2, 15,
 22 87, Counts 3, 4).

23 3M’s improper bid specification tactics have been implemented in a number
 24 of California cities and counties. For example, in the City of Riverside, recent bid
 25 requirements specify not Type XI sheeting generically, but 3M’s Type XI sheeting
 26 as the city’s preferred sheeting: “3M Diamond Grade 3 (ASTM XI) Translucent
 27 Reflective Sheeting Series 4090T shall be used in the production of the internally
 28 illuminated street name sign panels, or a City approved equal.” (O’Brien Decl., Ex.

1 A at 3). The same bid request also includes full-page graphic examples depicting
2 signs with 3M sheeting, as well as specific instructions for payment referring only to
3 3M sheeting. (*Id.* at 10-13). Similarly, bids in California cities sometimes include a
4 requirement for diamond shaped patterns on the sheeting, which is satisfied only by
5 3M's product and has no relevance to performance. (*See, e.g., id.*, Ex. E at 88).

6 Moreover, based on recent data regarding the number of motorists, the miles
7 of highway, the number of highway signs using reflective sheeting and the sums
8 spent on highway infrastructure, the effective magnitude of 3M's anticompetitive
9 actions are logically greater in California than in Minnesota. California has more
10 than thirty million registered vehicles, nearly twice the amount of the next highest
11 state, and about seven times as many vehicles as Minnesota. (*See id.*, Ex. F).
12 California has more licensed drivers (over 21 million) than any other state, including
13 Minnesota (2.9 million). (*See id.*, Ex. G). California has over 35,000 more roadway
14 miles than does Minnesota (*see id.*, Ex. H) and every year, California drivers cover
15 more than 327 billion miles, nearly six times that of Minnesota drivers. (*See id.*, Ex.
16 I at 124, Ex. J at 147). And, since 2009, California has received more highway
17 infrastructure investment funds pursuant to the American Recovery and
18 Reinvestment Act than any other state – five times the amount that Minnesota
19 received. (*Id.*, Ex. K at 173).

20 In addition to those massive federal expenditures, state and local spending on
21 highway projects is also many multiples higher in California than it is in Minnesota.
22 (*See id.*, Ex. L, M). As a result, 3M's anticompetitive tactics, which drive up prices
23 for reflective sheeting used for highway projects, will have a greater monetary effect
24 in California than Minnesota. Consequently, while Minnesota and its citizens also
25 suffer from 3M's monopolistic actions, there can be no basis to believe that their
26 interest in deciding this case is greater than California's. California unquestionably
27 has a vested interest in the sale of materials such as reflective sheeting that directly
28 relate to the public safety on California roads and highways.

1 **2. California Courts Should Decide California Law**

2 Because the legal basis for the majority of Avery's claims involves
3 California law, California's interest in deciding this matter is greater than
4 Minnesota's. Of the nine counts set forth in Avery's antitrust claim, five are based
5 on California law. In general, California courts are more familiar with California
6 law than are courts from other jurisdictions and such familiarity is a factor to be
7 considered in deciding whether to grant a motion to transfer. *See GNC Franchising*,
8 211 F.3d at 498-99. In addition, the California forum itself has an interest in
9 deciding California claims. *See Ellis v. Costco Wholesale Corp.*, 372 F. Supp. 2d
10 530, 539 (N.D. Cal. 2005) (denying defendant's motion to transfer where California
11 has a "public interest in trying plaintiffs' California claims within this state."). This
12 is particularly true with respect to plaintiffs' California Unfair Competition Law
13 claims. This law "serves important and vital public policies and interests" of the
14 state. *Watson Labs., Inc. v. Rhone-Poulenc Rorer, Inc.*, 178 F. Supp. 2d 1099, 1122
15 (C.D. Cal. 2001).

16 3M argues that this Court's greater familiarity with California's Cartwright
17 Act and Unfair Competition Law should not prevent transfer, because "transfer of
18 this case will not impose any greater analytical burden on the transferee court."
19 (Mot. at 15-16). This argument is plainly wrong. While the Cartwright Act and the
20 Sherman Act "have in common the goal of prohibiting trade-restraining
21 combinations and monopolies," "[t]here are, however, differences in statutory
22 wording and legislative history that lead, in some respects, to different results." *See*
23 *Knevelbaard Dairies v. Kraft Foods, Inc.*, 232 F.3d 979, 985 (9th Cir. 2000). For
24 example, "[t]he extent to which antitrust injury is recognized under the Cartwright
25 Act is enlarged, by statute, in comparison to federal law." *Id.* at 991. "[F]ederal
26 antitrust precedents are properly included in a Cartwright Act analysis, but their role
27 is limited: they are 'often helpful' but not necessarily decisive." *Id.* at 985. Thus, it
28 would be more appropriate, and a better use of judicial resources, for this Court –

1 which is familiar with both federal and state antitrust laws – to retain jurisdiction
2 over this action.

3 Moreover, even if the Cartwright Act and the Sherman Act were identical in
4 scope, 3M has not demonstrated that Minnesota is somehow a better forum for this
5 litigation. Both here and throughout its Motion, 3M seems content to make the
6 argument that Minnesota courts would be almost as good, or roughly as good, or
7 comparable to, the Central District of California. This is not the issue. 3M needs to
8 show that its requested venue would be significantly better, and this it has not
9 shown.

10 **C. Judicial Economy Does Not Favor Transfer**

11 3M argues that this case should be transferred due to an alleged overlap
12 between the various competition claims here and the patent claims in Minnesota. In
13 large part, 3M’s argument boils down to its assertion that “[t]his Court cannot
14 proceed to fully or fairly adjudicate the antitrust claims until certain threshold patent
15 issues have been decided”. (Mot. at 10). 3M is wrong. The patent claims in
16 Minnesota cannot (and will not) dispose of this case nor any of the antitrust claims.
17 While a small fraction of the underlying facts may overlap, the asserted claims
18 themselves do not.

19 Even 3M recognizes this fact. In its brief, 3M argues that if the patents are
20 found invalid and unenforceable, then they “cannot serve to foreclose competition
21 from Avery.” (*Id.* at 18 (emphasis added)). At the same time, however, 3M argues
22 that if the patents are found valid and enforceable, then “material portions of
23 Avery’s antitrust and unfair competition claims may be moot.” (*Id.* (emphasis
24 added)). Thus, as 3M admits, regardless of the findings on validity, infringement
25 and enforceability, the Minnesota case is not determinative of the antitrust and
26 unfair competition claims here.

27 The only potential overlap between the Minnesota case and this case concerns
28 certain factual statements made by 3M before the ASTM regarding its intent to

1 enforce the patents at issue. But this case involves much more than whether those
2 statements constitute a waiver of 3M's right to enforce its patents. This action
3 involves nine counts concerning various violations of state and federal antitrust,
4 false advertising, and fraud statutes. Four of Avery's counts exist completely
5 independent of the ASTM waiver argument (Count 3, Sherman Act § 1: Concerted
6 Action in Restraint of Trade; Count 4, Cal. Bus. & Prof. Code § 16720; Count 5,
7 Lanham Act §43(a): False Advertising; and Count 6, Cal. Bus. & Prof. Code §
8 17500). (Cmplt. at ¶¶ 105-136). And, although the other counts make reference to
9 3M's statements before the ASTM regarding waiver, they are hardly dependent on a
10 finding of waiver. Instead, each of these counts also relies on several other aspects
11 of 3M's improper conduct before the ASTM.

12 For example, Counts 1 and 2 (Sherman Act §2, Monopolization and
13 Attempted Monopolization) explain that 3M's deceptive advertising, product
14 disparagement campaign, and agreements with prime contractors have led to the
15 monopolization of the Broad High Performance Sheeting Market by steering
16 customers away from other types of sheeting to 3M's Type XI product. (*Id.* at ¶¶
17 91-94). Similarly, Counts 7 and 8 (Unfair Competition) also rely on 3M's false and
18 misleading descriptions of its Type XI product and the products of its competitors,
19 as well as the agreements with prime contractors. (*Id.* at ¶¶ 142, 154). Thus, none
20 of these claims rely solely on 3M's conduct before the ASTM that might amount to
21 a waiver of its right to enforce its patents. Moreover, even the conduct before the
22 ASTM that is relevant to the claims in this case is broader than the waiver and
23 estoppel issue 3M argues is common to the Minnesota case.

24 For instance, even if 3M's statements to the ASTM do not amount to a waiver
25 of its right to enforce its patents, its other conduct before the ASTM could be found
26 anticompetitive. Such would be the case if this Court determines that 3M's actions
27 in securing votes for the passage of the Type XI standard, which it then used to
28 monopolize the market defined by Types VIII, IX and XI sheeting, were improper.

1 Those actions included 3M recruiting significant numbers of new ASTM members,
 2 holding proxy votes for members who did not know they would be cast for 3M's
 3 Type XI proposal, and making agreements with those new members and others to
 4 secure their votes for the Type XI standard. (*See, e.g.*, Cmpl't. at ¶¶ 45-50, 65-69).²
 5 Thus, regardless of the outcome of the waiver and estoppel defense, Avery's
 6 antitrust and unfair competition claims will be litigated with respect to the various
 7 other facts underlying Avery's claims.

8 For similar reasons, courts have routinely held that a small potential for
 9 overlap is not enough to transfer a case from the plaintiff's home venue. *See, e.g.*,
 10 *In re Echostar Corp.*, 388 Fed. Appx. 994, 995 (Fed. Cir. 2010) (upholding denial of
 11 defendant's motion to transfer where four of the forty asserted claims could
 12 potentially overlap with the other action, and finding that "[t]ransferring this case to
 13 [alternate forum] will produce only minimal gains in judicial economy, if any at all
 14 [because] [t]he [alternate forum] has not evaluated the merits of [plaintiff's]
 15 complaint and has not adopted any claim construction."); *Quality Measurement Co.*
 16 *v. IPSOS S.A.*, 56 Fed. Appx. 639, 643 (6th Cir. 2003) (affirming denial of
 17 defendant's motion to transfer where "[t]he district court denied the motion because
 18 it found the plaintiff's choice of forum deserved more weight than the limited
 19 judicial resources that would be saved by a transfer"); *Greatamerica Leasing Corp.*
 20 *v. Davis Lynch, Inc.*, No. 10-CV-13-LRR, 2010 WL 265222 (N.D. Iowa June 30,
 21 2010) (denying defendant's motion to transfer, holding that "[t]he instant action may
 22 share some factual overlap with the Texas Action, but only insofar as the Texas
 23 Action is based in part upon alleged fraud relating to one of the copy machines. The
 24 court finds this insufficient to warrant transfer"); *American Ass'n for Justice v. The*
 25 *American Trial Lawyers Ass'n, Inc.*, Civ. No. 07-4626 (JNE/JJG), 2008 WL

26
 27 ² Cf. *Allied Tube Conduit Corp. v. Indian Head, Inc.*, 486 U.S. 492, 496-497
 28 (1988).

1 2690290, at *8 (D. Minn. Jul. 1, 2008) (“The Court concludes that Defendants have
2 failed to sufficiently substantiate their claim of ‘parallel cases’ or demonstrate that
3 the two cases involve ‘substantial overlap.’ Thus, Defendants have not demonstrated
4 that the interest of justice strongly favors transfer. Because Defendants have failed
5 to meet their burden of establishing that a transfer is warranted under section
6 1404(a), the Court denies their alternative motion to transfer venue”).

7 None of the cases 3M relies on hold otherwise. For example, in *FTC v.*
8 *Watson Pharms., Inc.*, 611 F. Supp. 2d 1081, 1085 (C.D. Cal. 2009), the plaintiff
9 argued that settlement agreements entered into in a prior patent case “harmed
10 competition by having the brand-name and generic pharmaceutical companies agree
11 not to compete and instead share monopoly profits.” In other words, the antitrust
12 claims were entirely based on actions that had occurred in the patent litigation –
13 specifically, the parties’ agreements to settle in that litigation. Defendants moved to
14 transfer the case to Georgia, where the original patent litigation had occurred. This
15 Court granted defendants’ motion, recognizing “that the merits of the underlying
16 patent cases must be examined to some extent to make an antitrust determination in
17 this case under a rule of reason analysis.” *Id.* at 1088. By contrast, in this case the
18 underlying merits of the patent case do not need to be resolved in order to move
19 forward with the antitrust case. Avery has raised a number of factual and legal
20 contentions regarding 3M which are unrelated to the pending patent case. For
21 example, as outlined above, Avery’s Sherman Act Section 2 claim is based on a
22 number of allegations, not just that 3M has improperly asserted its patents against
23 Avery. Even if the patent case was resolved entirely in 3M’s favor, Avery would
24 still have claims – under both federal law and California state law – pending against
25 3M.

26 Likewise, 3M cites a series of cases where the defendants raised antitrust
27 counterclaims based on inequitable conduct or fraud on the Patent Office. *See ASM*
28 *America, Inc. v. Genus Inc.*, No. 01-2190, 2002 U.S. Dist. LEXIS 1351 (N.D. Cal.

1 Jan. 9, 2002); *Seiko Epson Corp. v. Glory South Software Mfg., Inc.*, 684 F. Supp.
 2 2d 1231 (D. Or. 2010); *Hewlett-Packard Co. v. GenRad, Inc.*, 882 F. Supp. 1141,
 3 1157 (D. Mass. 1995); *Chip-Mender v. The Sherwin-Williams Co.*, No. 05-3465,
 4 2006 U.S. Dist. LEXIS 2176 (N.D. Cal. Jan. 3, 2006); *Carlisle Corp. v. Hayes*, 635
 5 F. Supp. 962 (S.D. Cal. 1986); *Global Candle Gallery Licensing Co. v. Nabozny*,
 6 No. 8:08-cv-2532-T-30TGW, 2009 WL 3852794 (M.D. Fla. Nov. 18, 2009). These
 7 types of antitrust claims – known as *Walker Process* claims – are explicitly based on
 8 inequitable conduct or fraud on the Patent Office. Thus, it is necessary to resolve
 9 those patent validity issues in order to determine whether the plaintiff has engaged
 10 in anticompetitive activity. There are no *Walker Process* claims at issue here.

11 And 3M’s cases concerning bifurcation or stay of antitrust counterclaims
 12 pending resolution of the patent claims are inapposite. In those cases, the courts
 13 noted that it would be overly complex or burdensome for the jury to have to resolve
 14 patent and antitrust claims at the same time. *See Masimo Corp. v. Philips*
 15 *Electronics North America Corp.*, No. 09-80-JJF-MPT, 2010 WL 925864, at *2 (D.
 16 Del. Mar. 11, 2010) (recognizing that adding antitrust counterclaims to the patent
 17 issues the jury will be asked to determine “would pose a difficult task for even the
 18 most astute of juries”); *Polycom, Inc. v. Codian, Ltd.*, No. 2:05-cv-520 (DF), 2007
 19 U.S. Dist. LEXIS 98087, at *11 (E.D. Tex. April 23, 2007) (“Primarily, the Court
 20 finds that trying these claims together is very likely to confuse and burden a jury
 21 that will already be confronted with a fairly complex patent infringement case.”); *In*
 22 *re Innotron Diagnostics*, 800 F.2d. 1077, 1084-85 (Fed. Cir. 1986) (finding that
 23 separation and stay of antitrust claims was appropriate because it would be more
 24 convenient to try “less complex” patent issues first, and the antitrust counterclaims
 25 would not be ready for over a year and would “require different proof and different
 26 witnesses.”). Again, that is not the issue here. In fact, 3M is seeking to do precisely
 27 what these cases suggest should not be done – combine antitrust and patent claims in
 28 a single litigation, for a single trial, in Minnesota.

1 3M further argues that “[t]here is no reason for two courts to expend the
2 substantial time to understand this complex optics technology.” (Mot. at 11). In
3 these proceedings, however, Avery is not asking the Court to opine on the merits of
4 the patents or products of either party. It does not require an advanced knowledge
5 of retroreflective sheeting science to understand 3M’s monopolizing actions before
6 the ASTM, its false advertising, or its attempts to restrain trade via agreements with
7 key contractors. This distinction further illustrates the differences between the
8 patent action and the antitrust action.

9 **D. Convenience Does Not Favor Transfer To Minnesota**

10 3M argues that Minnesota is a more convenient forum because two Avery
11 witnesses who participated in the ASTM process live in Chicago and Dallas, and
12 two 3M witnesses live in the Minneapolis area. (Mot. at 21:11 – 22:14). This does
13 not support transfer. Obviously, Avery will make all of its own witnesses available
14 in California, its chosen forum. Further, 3M has no basis for arguing that the
15 location of the 3M witnesses favors transfer. As 3M knows, the practical reality of
16 contemporary litigation is that witnesses and evidence can be made available in
17 almost any jurisdiction. 3M has made no showing that its witnesses would be
18 available for trial in Minnesota, but not California.

19 The same is true for non-party witnesses. 3M has not identified any non-
20 party witnesses who will suffer inconvenience by trying the case in California.
21 Instead it claims that because non-party witnesses are likely closer to Minnesota
22 than California this suggests that inconvenience will be minimized with Minnesota
23 as the locale. (Mot. at 22:15-27). 3M’s argument is not persuasive. Though 3M
24 concedes that non-party witnesses will be forced to travel to either venue, 3M does
25 not attempt to account for variables such as Minnesota’s winter weather, including
26 snow storms, or the larger number of flights that service Los Angeles as compared
27 to Minneapolis. Convenience does not favor transfer to Minnesota.

1 **IV. CONCLUSION**

2 In filing its Complaint, Avery exercised its right to litigate in the forum of its
3 choice. Given the substantial nexus of operative facts which took place in
4 California, the forum's own interest in litigating the case, and the comparative
5 convenience of all parties and witnesses, this was a sensible choice. 3M's motion to
6 transfer seeks only to shift the burden of travel to Avery, as the only things 3M can
7 prove exist in the District of Minnesota are (1) 3M itself, (2) 3M's employee or
8 former employee witnesses, and (3) a tangentially-related patent suit brought by 3M.
9 3M's frequent argument concerning the nationwide nature of this action does not
10 favor transfer any more than 3M's failure to identify any non-party witnesses in
11 California or anywhere else. The burden here weighs heavily on 3M. It has failed
12 to meet that burden. Accordingly, the motion to transfer should be denied.

13
14 DATED: January 10, 2011

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16
17 By /s/ Emily O'Brien

Emily O'Brien

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19 *Attorneys for Avery Dennison*
20 *Corporation*
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